REMARKS

Claims 1, 4-8, 11-16, 24-25, 27, 29-32 and 49-54 are pending in the present application. Claims 1, 7, 24, 29, 49, 50 and 53 have been amended. New claims 55 and 56 have been added. Claims 12 and 27 have been cancelled. Support for the new and amended claims may be found in the claims as originally filed and the specification, for example at page 5, lines 17-22, page 16, lines 3-13, page 17, lines 2-5 and lines 10-20, page 25, lines 1-24, and in the figures, for Example Figure 6. In particular, the support for the rebate network manager being connected to the merchants via a communications link is found, among other places, at page 25, lines 18-19 of the specification as well as in Figure 6 and the support for consummation of sales is found, among other places, at page 21, lines 1-3 and page 25, lines 16-18. Applicants reserve the right to prosecute the claims as originally presented in a future continuing application. Applicants reassert their previously made arguments in order to reserve them for appeal, if necessary.

Applicants note the obviousness rejection over Fernandez-Holmann and Bednarek has been withdrawn.

INTERVIEWS

Applicants thank the Examiner for the interviews on December 4, 2007 and February 21, 2008. Applicants believe the current claims are in condition for allowance. Applicants are willing to address any concerns that the Examiner has in order to move this application to allowance and invite the Examiner to contact the Applicants for an additional interview to address any outstanding issues.

The interview summary for the December 4, 2007 interview forwarded by the Examiner is accurate. Applicants discussed potential claim amendments with the Examiner. These proposed amendments are addressed by the Examiner in the office action and below by Applicants.

With respect to the February 21, 2008 interview, Applicants make the following summary of record.

- Although the Interview Summary does not so indicate, the Examiner stated that the proposed amendments and declaration evidence and other arguments presented at the February 21, 2008 interview appeared to overcome the rejection of record;
- The Examiner stated during the interview that "it was getting to the point" that a person having ordinary skill in the art would have to "stitch" a number of references together to arrive at the proposed claims.
- The interview summary states that "The draft reply also argues that the examiner did not give adequate weight in the last Office action to earlier findings of fact by the examiner concerning commercial success of the instant invention. (The earlier findings were not made an issue at the time of the last Office action.) It was also noted that the draft reply package contains a declaration by Mr. Haugen (dated 5 February 2008) disclosing a new business relationship with a bank. Both will of course be considered when made of record." What Applicants discussed with the Examiner is the fact that findings of fact concerning secondary considerations of nonobviousness already had been made of record and had been found to overcome a previous, essentially identical rejection over Lidman and Schultz. The Examiner was not able to explain why these facts, already made of record, did not similarly apply to the current, essentially identical rejection over Lidman and Schultz. Consistent with the Examiner's summary, Applicants did submit the Second Declaration of Larry Haugen. The Examiner was especially interested in the fact the a major regional bank has signed a letter of intent to implement the claimed system with over 2.7 million credit and debit card account holders.
- Consistent with the Examiner's summary, the Applicants did show that the PMCS of Schultz is in part located at the location of the merchant.

- Applicants and Examiner did discuss the "remotely monitoring sales" limitation. This limitation has been removed from the claims as it is redundant to limitations already contained within the claims. The claims as amended now specify that the rebate network manager is connected via a communications link to the merchants to indicate that the monitoring is performed from a site remote from the site of the merchant. This limitation is clearly supported in the specification.
- In the interview, the Examiner stated that the rebate network manager as an institutional distinction cannot in and of itself impart patentability. Applicants explained that the functions of the rebate network manager were positively claimed as active steps in the claims (e.g., monitoring, determining, etc.). In order to underscore this point, Applicants have added a new claim 56 which does not recite a rebate network manager.

CURRENT REJECTION

A. Facts previously made of record establish non-obviousness and new evidence confirms non-obviousness.

The claims currently stand rejected as obvious over Lidman (U.S. Pat. No. 5,471,669) in view of Schultz et al. (U.S. Pat. No. 5,056,019). Applicants respectfully note that this is essentially identical to the obviousness rejection entered by the Examiner in Office Action dated October 8, 2004 and which was withdrawn in the Office Action of January 19, 2007 and also in the unofficial allowance of claims on March 2, 2005. As the Examiner stated in the Office Action, the "Declarations submitted by the applicant and other objective evidence overcome the *prima facie* case of obviousness made above in para. 6-16 on the basis of Lidman in view of Schultz et al." The Examiner then went on to summarize the objective evidence of record as follows:

- The problem to be solved is funding for a college education through purchase rebates. The problem can be dated from publication of Lidman's solution in 1995. (footnote omitted). Lidman proposes a

system coordinated by cash registers and bank computers. Such a system without central coordination (a computer processer located at location other than the location of the merchant) has severe disadvantages as the number of participants becomes large and dispersed.

- The rejection (para. 9) offers Schultz et al. as a logical means for providing central coordination. Applicant has submitted declarations from merchants that point out two reasons (p. 14) why one of ordinary skill in the art would not be inclined to combine Schultz et al. with Lidman: first, Lidman teaches a coupon-based system that the merchants find to be a nuisance, unlike a direct-rebate system which "operates in the background so that my retail sales employees do not have to accept and process coupons presented by customers". Second, Schultz et al. teaches rebates sponsored by manufacturers rather than merchants. Merchants do not like this because the manufacturers are not always quick to honor the incentives and the manufacturer incentives are intended to serve the manufacturers' ends, not those of the merchants. Manufacturers impose limitations as to qualifying products, quantities and duration that are a burden on merchants.
- The most telling evidence that the instant invention satisfies a long-felt need and has the potential to be commercially successful is that it has three, apparently viable, competitors, all of whom first launched substantive websites over a brief period in 2000-2001. The three competitors are Upromise, BabyMint and EdExpress (Mulrean, which has hyperlinks to the three websites). The instant invention has been implemented at www.TuitionFund.com. All four have similar offerings, including an impressive array of merchant participants.
- Simpson (US006070153A) teaches some features of the instant invention, but does not teach or suggest monitoring sales by a registered merchant to determine if said sales are to a registered member.

In the current rejection, the Examiner has failed to consider these facts which were previously made of record ***by the Office***. As explained in detail below, the declarations that have been previously submitted and the findings of the Office with respect to long felt need and commercial success rebut any *prima facie* case of obviousness over Lidman and Schultz.

The Thompson and merchant Declarations (resubmitted herewith for convenience) submitted with Applicants' previous responses established that:

> [T]here is no other system previously or currently available in which a merchant such as myself can directly offer a purchase incentive such as a rebate on total purchases that is administered by a Rebate Network Manager like CCI, Inc. The TuitionFund system offers substantial advantages over coupon based incentive systems and incentive systems offered directly by manufacturers. First, the system operates in the background so my retail sales employees do not have to accept and process coupons presented by customers. Second, the system is easy for customers to participate in because they do not have to save and present coupons or mail-in rebates. Third, the system allows a merchant such as myself to directly develop customer loyalty to retail sales outlets without relying on manufacturer incentives and without relying on the manufacturer to honor offered incentives. Fourth, the system allows rebates on total purchases of multiple products as opposed to rebates on particular products from a particular manufacturer.

Further, as indicated by the merchants, there was a high level of enthusiasm for the claimed system by consumers they had contact with.

The commercial success of the system is established by the high level of participation from both consumers and merchants, as well as the success of the competitors as noted by the Examiner. As established in the Thompson Declaration, during the trial of the system:

> [O]ver 9000 customers, 236 brick and mortar merchants and 645 on-line merchants registered with TuitionFund. This strong response over a short period of time certainly indicates the success of the system and the need for such a system.

In order to establish nonobviousness by the secondary considerations, there must be a nexus between the factors and the claimed invention:

> To be pertinent to the issue of nonobviousness, the commercial success of devices falling within the claims of the patent must be flow from the functions and advantages disclosed or inherent in the description in the specification.

In re Vamco Machine & Tool, Inc., 752 F.2d 1564, 224 USPQ 617 (Fed. Cir. 1985). Such a nexus is clearly established in the present case as the advantages and functions identified in the Declarations are directly linked to the claimed invention, and in particular to the claimed use of a central entity such as the rebate network manager to monitor sales by registered merchants and determine if the sales are to registered members using registered debit and credit card accounts. The claimed system has the advantage and function of operating in the background. This is an important advantage with respect to Lidman, which requires processing of coupons, and to both Lidman and Schultz, which require the merchant and its employees to identify members of the program at the cash register or check-out terminal at the time of purchase, to capture and store both a separate account identifying code and the purchase information for a qualifying transaction, and send that information to the needed recipient of the information (i.e., in Lidman's case to the bank and in Schultz's case to the PMCS). A nexus is established and the evidence is highly probative. Any *prima facie* case of obviousness established by the Examiner is rebutted by this evidence and other facts made of record by the Examiner.

Applicants further direct the Examiner's attention to the accompanying declaration of Larry Haugen of TuitionFund. TuitionFund has just entered into a letter of intent to license its technology on a non-exclusive basis to a top-ten U.S. regional bank to make the claimed system available to more than 2,750,000 of the bank's debit and credit card account holders. This is strong evidence of commercial success and certainly distinguishes the claimed invention from systems such as those of Lidman and Schultz, which have not had widespread commercial success due, in part, to the burdens they place on the merchant and the members.

On the basis of these secondary consideration of non-obviousness, Applicants respectfully submit that the rejection over Lidman and Schultz, and indeed, any rejection based on Lidman and Schultz as primary references should be withdrawn. Applicants

emphasize that this evidence relates to the real world activities of others as an inference of what one of ordinary skill in the art would or would not have done. The evidence submitted establishes that persons of skill in the art failed to recognize that a system that combines the presently claimed features could be put together and used to provide meaningful rebates that could be applied to pay for secondary education.

B. The cited references do not teach systems that use both debit and credit card accounts.

Independent claims 1, 24, 49, 50, 53, 55 and 56 have or add the limitation that debit and credit card accounts are registered with the rebate network manager. This limitation is not found in any of the cited references, alone or combined. This limitation also highlights the fact that in the presently claimed systems and methods, the members can register multiple debit card accounts or credit card accounts with the rebate network manager. Again, this capability is due to the fact that the claimed rebate network manager monitors sales by registered merchants and determines if sales are to registered users using registered debit and credit card accounts. The cited references do not teach this limitation and as such, any *prima facie* case of obviousness has been rebutted and the rejection should be withdrawn.

As detailed in the previously submitted declarations (attached hereto for convenience), this system operates invisibly to the merchant. The claims have been amended to more clearly indicate the function of the rebate network manager and to more clearly distinguish the invention over the cited references. In particular, neither Lidman nor Schultz (or Simpson) teach a system or method which:

- uses debit and credit cards registered with an entity such as the claimed rebate network manager as claimed;
- the use of an entity that monitors sales made by registered merchants to registered members using registered debit and credit cards as claimed; or
- the use of an entity that determines if purchases are by a registered member from a registered merchant.

The Examiner is respectfully directed to the Declaration of Fran M. Dale, which establishes that:

- Lidman merely states that the hardware similar to that used for debit and credit cards could be used for a system that uses a separate account identifying card. Dale Declaration, para. 4.
- Lidman does not contemplate a system where a debit or credit card is registered with a separate entity such as a rebate network manager. Id.
- Lidman does not teach a separate entity that monitors sales by merchants to determine if the sales are to a member using a registered debit or credit card. Id.
- Schultz does not describe a debit or credit card registered with the PMCS of Schultz. Id. at para. 6.
- A consumer identification code cannot be included on the magnetic strip of a debit card or credit card as indicated by Schultz. Id.
- Schultz does not teach a separate entity that monitors sales by merchants to determine if the sales are to a member using a registered debit or credit card. Id. at para. 5.
- Point-of-Sale terminals cannot be used to make deposits to a checking account, cash management account, or savings account. Id. at para. 7.
- Advantages of the claimed system are that the user does not need to identify himself/herself at the time of the purchase and that the transaction automatically qualifies as long as the debit or credit card is registered. Id. at para. 4 and 5.

In sum, neither Lidman nor Schultz teaches the use of debit and credit cards that are registered with an entity such as the claimed rebate network manager or a system where an entity such as the rebate network manager monitors sales by merchants to determine if the purchases were made using the registered debit and credit card accounts. At paragraph 15 of the Office Action, the Examiner states that Lidman teaches both debit and credit cards. However, Lidman does not teach debit and credit card accounts

registered with an entity such as a rebate network manager so that the rebate network manager can remotely determine if sales by a registered merchant are to a registered member using the registered debit/credit card account. At column 3, lines 34-53, Lidman merely states that the hardware used for debit and credit cards could be used to make the system contemplated by Lidman, which uses a separate account identifying card function, presuming that software of the components could be adjusted to implement the system and without causing severe security problems.

Schultz does not cure this defect. Schultz does not teach debit and credit card accounts registered with the PMCS. While Schultz teaches that banks issue debit cards, Schultz relies on a separate account number that must be presented to the merchant at the time of purchase. See, e.g., Column 6, lines 39-53. Furthermore, any attempt to argue that the cash register in Lidman acting as the rebate network manager could be utilized to store registered debit and credit card information is misplaced because of severe security concerns in storing such information at the site of the merchant. Schultz does not solve this problem either. Putting an additional account number, the consumer identification code per Schultz, on the magnetic stripe of a debit card (as Schultz contemplates in another embodiment at Column 6, Lines 47-50) is not feasible nor allowed in ISO standards. In addition, the card readers used at merchant-located point-of-sale terminals to read the account number of the debit card cannot access a second account number imprinted on the magnetic stripe of a debit card as contemplated by Schultz (See Dale Declaration, para. 7-8). Furthermore, those skilled in the art recognize that you would not want the debit card account number to double as the consumer identification code for Schultz as you would be providing a non-certified 3rd party coupon processor and its employees with access to your personal checking account via the debit card account number.

C. Lidman and Schultz do not teach the claimed monitoring steps and functions.

The claimed methods and systems have distinct advantages over the Lidman and Schultz systems. In particular, the claimed system does not require that the member

identify himself/herself to the registered merchant at the time of purchase as being a registered member of the program. See Dale Decl. at para. 4-6. Applicants urge the Examiner to consider the teachings of Lidman and Schultz in detail. With respect to Lidman, the Examiner admits that there is no central coordination. The Lidman system requires the user to identify himself as a system member by presenting an account identifying card to the merchant at the time of purchase. In particular, Lidman requires the use of a separate account identifying card. Column 2, lines 53-65; Column 3, line 55 – Column 4, line 9. Importantly, it is at the site of the merchant that "a determination is made as to whether the coupon value is to be credited to an account" by the user or whether the user instead opts to have the value of the coupon reduce the purchase total (and obtain instant gratification in the form of a reduced price rather than crediting the value of the coupon to the user's bank account). Column 3, lines 61-65. As a result, there is not a separate entity at a location other than the location of the merchant, indicated in the claims as a rebate network manager, that functions to both monitor sales by registered merchants and determine if the sales are to a registered member using a registered debit/credit card. If the program member is not identified at the cash register at the time of purchase with Lidman, there is no opportunity for the program member to have the value of the coupon deposited into the user's bank account. Consequently, Lidman puts extra burdens on the user; the user must present both the coupon and the account identifying card in addition to the form of payment in order to have the value of the coupon deposited into the user's bank account.

Schultz also requires identification of the user of the system at the site of the merchant at the time of purchase and thus does not teach a separate entity that has the functions of monitoring sales by registered merchants and determining if the sales are to a registered member using a registered debit/credit card. According to Schultz, the PMCS does not perform these functions, the merchant does. Schultz explicitly teaches that:

> After the consumer 19 has been identified at the check-out terminal 25, the bar-codes for the consumer's 19 selected products 27 and 28 are read by the scanner 26. The scanner 26 transmits the information from these bar-codes to a program data collector 23 located in the retail store 20. Preferably, the program data

> collector 23 is a computer system supplied by the central management firm 3 to the retail store 20. The program data collector 23 comprises a data processor and a memory unit for receiving and storing the consumer identification code for the consumer 19 in association with the UPC coding information for the products purchased by the consumer 19 in purchases records 30.
>
> Alternatively, the program data collector 23 can be a component part of the in-store computer 22 of the retail store 20. In this embodiment, the in-store computer 22 typically receives purchase information from the scanner 26 for accumulating sales data for the retail store 20. When the retail store 20 participates in the marketing program, the in-store computer 22 is programmed to additionally store the purchase records 30 for the marketing program. Each purchase record 30 contains consumer identification code 21a of the consumer 19 and the bar-code information of the products 27 and 28 purchased by the consumer 19.

Column 7, lines 20-44; See also Column 4, Lines 64-68 and Column 5, Line 1-7. In this system, it is the merchant that monitors sales and determines if sales are to a registered member. The program member must be identified at the check-out terminal at the time of purchase, otherwise there is no benefit to the member.

The claimed methods and systems do not require the registered member to present any account identifying information at the time of checkout that would reveal his/her identity to the registered merchant that he/she is a registered member of the rebate program. This is because an entity such as the claimed rebate network manager remotely monitors sales by the registered merchants via a communications link to determine if the sales are to a registered member using a registered debit/credit card. This is a substantial, patentable distinction between the claimed invention and the cited combination of references.

Both Lidman and Schultz also require specialized equipment and/or software at the merchant's location to capture and segregate qualifying purchase information from nonqualifying transactions. This increases the cost of the program to the merchant (whether in the form of equipment costs, software licenses or personnel to support, backup and maintain such systems).

In order to perform the functions required by Lidman, the merchant must have a particular type of cash register that can perform the following procedures. As indicated at Column 2, Lines 42-44 and Column 3, Lines 4 – 11, the cash register must be

connected to a barcode reader and/or the cash register must be capable of accepting manual input of barcode information. Then, the cash register must be capable of totaling the coupons presented and be connected conventionally by telephone lines to a bank communications system to facilitate the electronic transfer of funds from the merchant's account to the member's account.

The Examiner's description of Schultz on Page 4, Point 9 of the Dec. 14, 2007 Office Action is not completely accurate when he states with regard to Schultz that "Shultz, et al. teaches that said computer processor is located at location other than the location of the merchant. " As taught by Schultz, a component of the program management computer system ("PMCS") **resides at the merchant's location in order for the overall PMCS system to properly function.** Schultz's system requires that a "program data collector" **be located at the retail store** that is preferably **supplied** by the entity that operates the overall PMCS system. Column 7, Lines 23-32 states the following: "The scanner transmits the information from these barcodes to a program data collector **located in the retail store**. Preferably, **the program data collector is a computer system supplied by the central management firm to the retail store**. The program data collector comprises a data processor and a memory unit for receiving and storing the consumer identification code for the consumer in association with the UPC coding information for the products purchased by the consumer in purchases records.

Schultz also describes an alternative embodiment which may be utilized for large retailers who have their own in-store computer system at the retail store where the PMCS supplies to the retailer reward files containing information related to purchase rewards offers which are placed on the retailer's in-store computer, and thereby resulting in certain processing of qualifying transactions being conducted on the in-store computer rather than at the location of the PMCS. In this embodiment as described at Column 9, Lines 48-53 are the files that would reside on the in-store computer. "These files comprise product files containing information related to store inventory, customer files containing information related to consumers participating in a frequent shopper program, **and reward files containing information related to the purchase rewards offers**."

The claimed system does not require any specialized equipment and/or software at the merchant's location because the merchant does not have to capture and segregate qualifying purchase information. Instead, the merchant simply transfers all their credit and debit card transactions onto their card processor as they normally do and the rebate network manager captures and segregates the qualifying purchase information. Additional costs of equipment, software licenses and personnel to provide support, backup and maintenance to such systems can be significant cost hurdles for merchants, thereby reducing the number of potentially participating merchants in the program and correspondingly the amount of rewards that can be garnered by the registered members.

With both Lidman and Schultz, the merchant is required to capture and segregate qualifying transactions since only qualifying transaction information is forwarded to the needed recipient of the information (in Lidman's case to the bank and in Schultz's case to the PMCS). Lidman's system is described at the bottom of Column 3 and top of Column 4 of their patent. Lidman only transfers to the bank information as to qualifying transactions, in other words only those transactions which involve coupon rebates which the person elects to deposit into their bank account are forwarded. In Schultz, likewise, the PMCS system only receives those transactions from the merchant which were with members to the program. Non-member transactions have to be filtered at the merchant location(s) so that only member transactions are forwarded to the PMCS. See Column 7, lines 23-32 of the Schultz patent.

The filtering and segregating of just the qualifying transactions from all of the merchant's daily transactions result in additional costs (equipment, software, personnel, etc.) and processing time (whether manual or computer) on the part of the merchant in order to participate in a program such as described by Lidman or Schultz. No filtering or segregating outside of their normal processing of transactions are required by merchants participating in the claimed system. Rather, all of the merchant's debit and credit card activity is monitored by the rebate network manager.

Both Schultz and Lidman further require the use of UPC product codes to function. See Lidman, Column 1, lines 39-51; Schultz, Column 6, lines 13-27. Both Lidman and Schultz require the use of Universal Product code barcode card readers or

cash registers in which information from UPC codes (whether from the product or a coupon) can be inputted into their system because they are product-based programs whereas the claimed invention is a merchant-based system. The claimed system does not require a merchant to utilize UPC product codes. A significant drawback of the limitation to relying on UPC bar codes for the system to function is it limits the rewards and the merchants who can participate in the program primarily to brick and mortar retailers who sell consumer products. Consequently, systems such as Lidman and Schultz can't extend to a number of service-oriented merchants that don't utilize UPC bar codes and/or have cash registers that capture UPC barcode information. The following are just a few of the types of service entities which could offer member rebates in the claimed system but wouldn't be able to participate in Lidman/Schultz type rewards programs as they don't utilize UPC codes or devices that capture and store UPC code information: taxicabs, doctors, dentists, lawn care providers, electricians, plumbers, attorneys, day care centers, insurance companies, etc. Another drawback of requiring UPC product codes is the additional check out time that is needed to process the coupons as required by Lidman, thereby increasing the staffing cost for the merchant and slowing check-out times for the consumers.

For the foregoing reasons, there is no *prima facie* case of obviousness because the cited references do not teach each element of the claims. In addition, the secondary considerations of nonobviousness discussed above overcome any *prima facie* case of obviousness based on Lidman, Schultz and/or Simpson.

D. Additional distinguishing elements not taught by the cited references, alone or in combination.

Applicants further direct the Examiner's attention to new independent claim 55 which in step (e) adds the element of a registered member having student loan debt and paying down the existing student loan debt using the rebate proceeds. The Examiner admits that he did not find any teaching of using rebates to pay existing educational debt. The Examiner then states that it was common for people to receive rebates using cash back credit cards and to simultaneously pay existing educational debt. The Examiner

further states that the rebates for many people were substantively linked to a payment of existing educational debt because the checking account into which the rebates were deposited was also used to pay the educational debt. However, the Examiner has not cited any supporting evidence or declarations and, as such, the unsupported statements cannot be taken as fact. Furthermore, it is unlikely that any rebates from cash back cards were specifically designated and set aside to pay educational debt and there is no evidence that such rebates would be used for that purpose (i.e., there is no motivation for such a combination). The Examiner's attention is respectfully directed to the Declaration of Frances M. Dale. A survey of major card issuers (e.g., Chase Bank) shows that the average credit card account in 2006 had annual expenditures of approximately $2,200 to $2,500. If the card issuer offered a 1% cash back rebate on all purchases, which would be quite liberal, the cardholder would have generated approximately $25 in annual cashback rewards for the calendar year. However, many cash back rewards cards have limitations. For example, Discover Card's Platinum Card provides a cashback reward of ¼ of 1% on the first $1,500 of annual expenditures and ½ of 1% on the second $1,500 of annual expenditures. Therefore, a person who spent $2,500 in 2006 utilizing a Discover Card Platinum Card would have generated only $8.75 in cash back rewards. Based upon the information disclosed in Discover's prospectus in connection with their IPO in 2007, in 2006 Discover's U.S. Card billing volume was approximately $103 billion and they had 42.4 million credit card accounts which would have yielded an average annual charge volume per card of approximately $2,430 and an average annual cash back reward per card of $8.40.

Such small cash back rewards can have no meaningful impact on paying educational debt which averages in the tens of thousands of dollars for many college graduates. Indeed, it is likely that no such proceeds were specifically designated and set aside to pay down existing student loan debt as argued by the Examiner. This is precisely the problem with much of the art cited by the Examiner. The amounts generated by cash back systems such as those described in the accompanying Declaration, which are paid by the credit card issuer rather than by participating merchants as in the claimed system, are so small that there would be no motivation to set up the claimed system to make

payments on existing student loan debt. As described in the Dale Declaration, the programs of Discover and other card issuers depend on breakage to lower the cost of the program. "Breakage" is the industry term for cash rewards that are never used or redeemed by the cardholder. As presently claimed, a system where a network of merchants offered rebates to registered users that vary from 0.01% to 30% does provide meaningful amounts of rebate proceeds to put towards paying down student loan debt versus cash back rewards offered by various card issuers (e.g., Chase, Discover Card). Absent the meaningful amounts generated by the claimed system, there would be no motivation to set up the claimed system using a centralized rebate network manager and higher education accounts. At an average reward of $8.00 per year, there would be no incentive for the investment in the infrastructure to develop and administer the program. Therefore, the Examiner's arguments are not applicable to the claimed systems and methods when considered as a whole.

Furthermore, Applicants respectfully submit that the Examiner is incorrect in both his statement regarding Claim 49 that the purpose of an educational savings account taught by Lidman is to pay down debt and in his assertion that the second computer processor in Claims 51 and 52 can be any arbitrary computer processor used in the Lidman network by the bank to make said educational payments. First, saving funds to be used in the future to pay the cost of tuition, fees, room and board and other expenses incidental to a higher education are distinguishable from paying off an existing student loan. In the former case, the member will want the funds invested in an account that earns interest, dividends and possibly capital appreciation so that he/she is paid for the time value of having made the investment to pay the costs in the future for his children in order to avoid having him/her and their children from incurring student debt. A member with an outstanding student loan obligation, on the other hand, is not setting money aside for future savings. Rather, when his/her rebates achieve certain threshold amounts, he/she desires to utilize the rebates immediately to apply against an outstanding loan balance. Therefore, the savings objectives and time horizons are significantly different for long term savings and immediate use to pay down debt. Second, neither the diagrams of the Lidman invention, the description of the Lidman invention, nor the Lidman patent

claims deal with any step beyond depositing the rebates into "an identified money account" at a bank. Lidman does not address nor does its systems or computer processors encompass what is done with the rebates after they are deposited into "an identified money account." Therefore Lidman does not encompass the making of educational payments from the bank account as the Examiner claims in para. 13. Applicants' Claims 49, 51 and 52 appropriately encompass the systems, the computer networks and processors needed to subsequently handle the disbursement of the funds, whether they be used to pay tuition, fees, room and board to the applicable university in the future via electronic transfer (as is the case with Claim 52) or whether they are used to pay an existing student loan obligation via an electronic transfer of funds to the student loan lender or its designated agent (as is the case with Claims 49 and 51).

E. Simpson, Ebates and Bizrate do not cure the deficiencies noted above.

The claims also require that the rebates offered by the merchant range from 0.01% to 30%. In response to this claim limitation, the Examiner indicates that Higgins teaches rebates of 1-3% of credit card purchase amounts, that Ebates and BizRate teaches rebates of up to 25% from a variety of merchants, and that Simpson teaches a credit card system with a variety of rebate options. The reference to Higgins is a March 1993 article written by Kevin Higgins where it states on page 4 of the article "Tuition Access Inc. in Chicago is in early discussions with three top-10 card issuers about its plan to rebate 1% to 3 % of credit card purchases to an annuity in the National Education Access Fund to pay for the beneficiary's college education. " The article teaches that the proposed Tuition Access system required the card issuer (and not participating merchants as provided in the Applicants' system) to provide the rebates. If this system had contemplated participating merchants, it would have been disclosed in the article to stir interest in their proposed program, however there is no mention of participating merchants. Applicant did a Google search of both "Tuition Access Inc." and "Tuition Access" and found no results identifying a rebate program in operation by such entity or by such program name. The Applicant also did a search of the Illinois Secretary of State's Office records to see if any entity containing the name "Tuition Access" was doing business in the State of Illinois and no such named entity is in the Illinois Secretary of State's database. The Applicant

also searched the Delaware Secretary of State's database as many companies that have operations in multiple states operate as a Delaware corporation. Delaware's records also contained no such named entity. Therefore, it appears that Tuition Access Inc. is no longer in business and its plan never came to fruition.

The Ebates reference is a press release dated May 3, 1999 and the BizRate reference is an October 21, 1999 press release. Both of these press releases were subsequent to date of Applicants' claimed invention per the Michael Thompson Declaration filed with the October 31, 2007 Response and therefore the Ebates and BizRate references should be removed.

Simpson does not teach "rebates" or "a variety of rebate options" as indicated by the Examiner. The Simpson system does not utilize any form of rebate as the funding mechanism. Instead, the funding comes from a portion of the interest expense on a carried balance on the card or the card holder designates a percentage of what he spends on the card to be deposited in his investment account as form of "forced savings." In essence, the Simpson system utilizes the concept that for every dollar the consumer spends, the consumer is forced to set aside x% to save which is charged to your credit card account.

The Examiner has also cited Simpson with regard to Applicants claim element of an Educational IRA. Simpson does not cure the defects noted above for Lidman and Schultz. First, Simpson utilizes a "credit card" account to fund contributions to an investment account with the contributions coming from either the a) credit card issuer, or b) the card holder. The Simpson patent does not envision the contributions being derived from rebates offered by participating merchants. The office admits as much in the January 19, 2007 Office Action, para. 22, where the Patent Examiner states: "Simpson (US006070153A) teaches some features of the instant invention, but does not teach or suggest monitoring sales by a registered merchant to determine if said sales are to a registered member." Second, Simpson can only work with a credit card account because Simpson requires an account that can be charged for the periodic transfer made to the investment account. Simpson cannot work with both debit and credit cards. Third, Simpson fails to provide the option of utilizing the system to pay down existing debt

(student debt or other forms of consumer debt). Fourth, Simpson's system calculates a static amount (percentage or a flat dollar amount) once a month if the cardholder elects to contribute funds to the investment account based upon their credit card purchase volume for each respective month. Applicants further note that Simpson makes no mention of a 529 Plan or a college charitable contribution account or utilizing the funds to pay down a debt.

CONCLUSION

All grounds of rejection of the Office Action of December 14, 2007 have been addressed and reconsideration of the application is respectfully requested. It is respectfully submitted that Applicant's new claims should be passed into allowance. Should the Examiner believe that a telephone interview would aid in the prosecution of this application Applicant encourages the Examiner to call the undersigned collect at (608) 218-6900.

Dated: May 9, 2008

/J. Mitchell Jones/

J. Mitchell Jones
Registration No. 44,174

CASIMIR JONES S.C.
440 Science Dr. Ste. 203
Madison WI 53711